

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 634 - HB 705

February 27, 2013

SUMMARY OF BILL: Requires the State Board of Education (SBE) to contract with a national education non-profit organization to provide various services related to the Advanced Placement (AP) exam, including professional development for teachers, student diagnostics, and consulting expertise to help improve the college readiness of students. Requires an annual report be provided to the Education Committees of the General Assembly and to the SBE. Requires the state to pay for student AP test fees and fees for career and technical education (CTE) certification or licensure examinations.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$200,000/FY13-14 and Subsequent Fiscal Years

Increase State Expenditures –
Exceeds \$4,861,000/FY13-14
Exceeds \$5,285,000/FY14-15 and Subsequent Fiscal Years

Assumptions:

- According to the SBE, a contract with a national non-profit entity will increase state expenditures by an amount estimated to exceed \$1,000,000 with contracted staffing for partnership support and consultants and other contract provisions to provide professional development for teachers of AP courses.
- The regular AP exam fee is \$89 per test.
- Due to incomplete data from the College Board organization, the number of tests that will be taken by low income students in FY13-14 and subsequent fiscal years is unknown; therefore, all future AP testing costs are estimated to exceed the cost for regularly priced tests.
- In other states that have implemented similar legislation, the annual number of AP exams taken has increased beyond the historic trend. In Tennessee, the historic annual growth trend is 8.1 percent. It is assumed that in the first year of the program (FY13-14), the historic trend will continue.

SB 634 - HB 705

- In FY13-14, 36,641 AP tests will be taken. The increase in state expenditures for AP testing for regularly-priced students is estimated to be \$3,261,049 ($\$89 \times 36,641$).
- Based on results from Florida, the annual number of AP exams is expected to increase at least 13 percent in FY14-15 and subsequent fiscal years.
- Given future growth, the increase in state expenditures in FY14-15 and subsequent years is estimated to exceed \$3,684,985 $[(36,641 \text{ tests} \times 113\%) \times \$89]$
- According to the Department of Education, the estimated cost for certification and licensure exam fees for students taking CTE courses is estimated to be \$600,000 annually.
- The total increase in state expenditures in FY13-14 is estimated to exceed \$4,861,049 $(\$1,000,000 + \$3,261,049 + \$600,000)$.
- The total recurring increase in state expenditures in FY14-15 and subsequent fiscal years is estimated to exceed \$5,284,985 $(\$1,000,000 + \$3,684,985 + \$600,000)$.
- According to DOE, a federal grant in an amount exceeding \$200,000, currently used to pay for AP and International Baccalaureate exam fees for low income students will be lost because of an anti-supplanting prohibition in federal regulations governing this grant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/msg